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TAGS: [PREL](#) [ECON](#) [IZ](#) [SY](#) [JO](#)

SUBJECT: PM ABUL RAGHEB ON SYRIA, IRAQ: IT'S THE ECONOMY,
STUPID

Classified By: Amb. Edward W. Gnehm for reasons 1.5 (B) and (D)

VISIT TO SYRIA: FOCUS ON THE ECONOMY

11. (S) The Ambassador and DCM spoke October 5 with Prime Minister Ali Abul Ragheb about his recent visit to Syria (other topics septels, notal). Abul Ragheb focused mostly on economic issues. Bashar al-Asad, he said, had "asked all the right economic questions," and PM Mohammed Miru, a conservative by nature, had shown "a little more interest in free enterprise." Abul Ragheb commented that an economic advisor to PM Miru (he remembered the name as Ali Hussein) was "impressed with the Jordanian economic model." In spite of all the positive noise, however, Abul Ragheb concluded that privatization was "a distant prospect" in Syria.

12. (S) Bashar complained that he had "no good people in the public sector" that he could count on to enforce economic reform measures. The Jordanians responded that no one could wait on reforms until there was a reformed bureaucracy in place to carry out the reforms -- they would never happen. Abul Ragheb said he told the Syrians that their strict regulation of currency exchange is a real obstacle to economic growth, as is the high corporate income tax rate (allegedly 54 percent, compared to 15-35 percent in Jordan).

SYRIANS HOPING TO AVOID WAR IN IRAQ

13. (S) Abul Ragheb said the Syrians were very concerned about a U.S. strike on Iraq because of the effect it would have on Syrian trade. Abul Ragheb had the impression that the Syrians had accepted the initial Iraq statement offering the return of inspectors as a real sign of Iraqi good faith, and that the Syrians "want to believe" that there will not/not be a military confrontation.

GNEHM